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RUCNNSG/NUCLEAR SUPPLIERS GROUP COLLECTIVE
RUEAIIA/CIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUEKJCS/JOINT STAFF WASHDC
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RUEKJCS/SECDEF WASHDC
RUEHUNV/USMISSION UNVIE VIENNA 1465
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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 001248

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SUBJECT: INDIA'S UPA-LEFT NUCLEAR COMMITTEE STALLS AGAIN

Classified By: Ambassador David Mulford for Reasons 1.4 (B and D)

¶1. (C) Summary: The UPA government and its Left allies agreed May 6 to hold a ninth committee meeting on May 28 to continue discussion about implementing the civil nuclear cooperation initiative. Although press reports indicated that External Affairs Minister Pranab Mukherjee gave a pessimistic presentation about the timing of the initiative, one participant related that the UPA had made progress. Related comments by opposition BJP leader L.K. Advani criticizing the Congress Party for stalling the deal might also reflect the opening of a window of opportunity. But the prolonged delay in submitting the safeguards agreement to the IAEA Board of Governors decreases the odds of completing the initiative in ¶2008. End Summary.

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UPA-Left Committee Agrees to Meet Again
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¶2. (C) The May 6 United Progressive Alliance (UPA)-Left committee to discuss the civil nuclear cooperation initiative agreed to meet again on May 28, effectively prolonging the delay in submitting the safeguards agreement to the IAEA Board of Governors. External Affairs Minister Pranab Mukherjee, who moderates the committee, emerged from the two-hour meeting with Communist Party of India (Marxist) leader Staram Yechury, and gave the following statement with Yechury standing at his side: "In-depth discussions were held on the India-specific safeguards agreement between India and the IAEA. The Left parties have sought clarifications which will be provided in the next few days. Further discussions will be held in the next meeting of the committee to be held on May 28, 2008." Sources indicated that the UPA and Left will continue to exchange letters in May to attempt to settle differences about the nuclear initiative, and this dialogue will inform an internal Left meeting on May 23.

¶3. (SBU) Yechury told the press that the committee had made "progress" in the discussions, and media reports indicated that the Left has narrowed its focus to four main concerns involving uninterrupted fuel supply, transfer of technology, reciprocity, and Hyde Act implications. However, the Economic Times described that Mukherjee told the committee that "since the two remaining hurdles are not cleared and the U.S. Congress already in poll mode, it will not be possible for the Bush administration to wrap up the deal." Mukherjee explained that "the 123 Agreement will have to be eventually shelved as the new administration in the U.S. will like to have a fresh look at the Indo-U.S. nuclear engagement," according to the Economic Times. According to accounts of the meeting, the government continued to keep the text of the safeguards agreement confidential.

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Light in the Darkness?
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¶4. (C) Minister of Water Resources Saifuddin Soz, a committee member, told a senior locally engaged staff (LES) that he had approached the committee meeting with a feeling of "darkness." However, as the meeting went on, Soz said that he became more optimistic. "I don't know whether the deal will happen or not, but we are inching forward," he related.

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Saran Attempts Positive Attitude
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¶5. (SBU) In an attempt to counter the committee's dithering, Special Envoy Shyam Saran publicly reiterated the government's commitment to completing the nuclear initiative. "Obviously, the sooner we have the deal, the better. As the process continues, the world is not standing still. The level of political uncertainty will increase. Therefore, it is in our interest to get it through sooner than later," he told the press. Saran also clarified that the upcoming Nuclear Suppliers Group Plenary would not discuss the exception for India.

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Advani Attacks UPA For Not Moving Ahead
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¶6. (SBU) Leader of the Opposition and Prime Ministerial BJP candidate L.K. Advani accused the Congress Party and Communists of derailing India's foreign policy during a Karnataka state election campaign event in Bangalore. "The UPA government wants to sign the nuclear agreement with the U.S. but the Left are dead against it as if the Manmohan Singh government was signing an agreement with the devil," he declared. He further criticized the UPA for not celebrating the tenth anniversary of the Pokhran-II nuclear tests, which showed the government's disrespect towards the nuclear program and the former BJP-led government. The 1998 nuclear tests were "one single step that made the world view India with respect among the comity of nations," he contended.

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Comment: Nuclear Delay Puts PM Singh in Tight Spot
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¶7. (C) The lack of forward movement in the UPA-Left committee was unfortunately expected. Mukherjee has allowed the Communists to use the meetings to stall the nuclear initiative into oblivion. Moreover, the designation of a follow-on date for the next committee meeting indicates that little will happen between now and May 28, quashing any hope for a quiet approach by the Indian government to the IAEA in May. Saran's attempt to spin the committee results could not hide the increasingly bleak chances that the Indian government will act in time for the IAEA, NSG and U.S. Congress to complete their moves this year.

¶8. (C) The May 28 date gives time for the Congress Party, its allies and the Communists to concentrate on the state election in Karnataka and the local elections in West Bengal, held throughout the month. Good results for the Congress Party might give the UPA government the confidence to pressure the Communists in the next meeting, and take a political risk that could result in early elections. In addition, Advani's posturing and public comments by former NSA Brajesh Mishra in favor of the deal indicate that the BJP has started churning over the nuclear issue again, and might rethink its opposition. Although the government continues to dawdle, there are still enough balls in play to keep the nuclear issue on life support, at least until the next

meeting at the end of the month.
MULFORD